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25 August 1959

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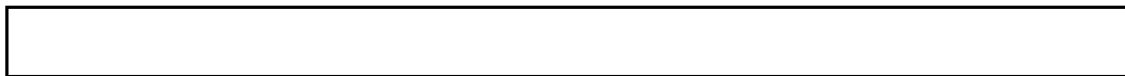
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CENTRAL INTELLIGENCE BULLETIN



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DIA and DOS have no objection to declassification and release.

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DIA and DOS review(s) completed.

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DAILY BRIEF

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

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III. THE WEST

NO France-Libya: [The French Ministry of Defense has notified the US air attaché of plans for additional French Air Force reconnaissance flights over Libya to observe suspected Algerian]

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(rebel activity. The overflights, set for 26 August and 2 September, are to follow the same routes as those of 29 July and 5 August which apparently went unnoticed by the Libyan Government.)

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Brazil: Riots protesting the shortage of basic foods and the continuing increase in the cost of living may erupt in the industrial Sao Paulo area. The illegal Communist party is probably ready to participate actively in any public disturbances. State police would have difficulty in controlling any large-scale riots and might have to summon army help.

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DAILY BRIEF

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III. THE WEST

Brazilian Economic Unrest May Lead to Riots

Social unrest over the cost of living and shortages of staple foods has mounted in the past week in industrial Sao Paulo and could lead to strikes and riots which would probably be exploited by the Communists, according to the American Consulate General. Sao Paulo states officials are concerned over the situation, and the governor reportedly conferred with President Kubitschek on 14 August about security measures. The police would probably have difficulty controlling a mass demonstration and might have to summon army reinforcements.

The cost of living in Sao Paulo increased over 17 percent in the first five months of the year and probably rose even more in July and August as a result of the food shortages. The federal government's emergency program to control prices and increase food production, instituted last March, brought some temporary relief but has not yet had a major impact on the situation.

A business recession in Sao Paulo and extensive unemployment in the construction industry are probably contributing to the unrest. The American Embassy has reported growing public impatience in Rio de Janeiro with shortages and price increases, and demonstrations have occurred in other cities.

The press has reported an announcement by the Brazilian Federal Price Control Agency that the government may take over foreign-owned meat-packing firms in an effort to relieve the current shortage of meat. This threat is probably intended partly to divert attention from other more serious basic shortages, as well as to force the meat-packing companies to resume operations under government price controls.

Protests over the cost of living and the business recession will probably reinforce President Kubitschek's reluctance to adopt an austerity program as a basis for reopening loan talks with the International Monetary Fund. Brazil's dollar receipts were unexpectedly high in July, but a new foreign-exchange crisis is likely within a few months. [REDACTED]

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